Connecting Rural America Act

In order for rural America to compete in the global economy and offer the quality of life necessary to attract and retain residents and businesses, expansion of broadband service is essential.

The U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS) administers the Rural Broadband Loan Program, which funds the costs of construction, improvement, and acquisition of facilities and equipment to provide broadband service to eligible rural areas on a technology-neutral basis.

The American Recovery and Reinvestment Act of 2008 included approximately \$2 Billion in funding for broadband grants and loans to be administered through USDA-Rural Development's Rural Utilities Service. The USDA did this through the temporary Broadband Technology Opportunity Program (BTOP).

One of the major differences between BTOP and the farm bill-authorized Rural Broadband Loan Program, which was created in 2002 farm bill and modified in the 2008 farm bill, is that under BTOP the awards given were grant/loan packages, rather than loan-only awards.

The ability to award grant/loan packages--rather than loans only--enabled the USDA to expand broadband access to hard-to-serve areas by making awards in smaller and more remote communities where there are few market incentives for providers to expand and maintain service. Given Universal Service Reform which will change existing funding streams, providing the USDA with the flexibility to award grant/loan packages is especially important.

Connecting Rural America Act Bill Summary:

- Reauthorizes the existing Rural Broadband Loan Program through 2017.
- Modifies the Rural Broadband Loan Program to add a grant component. Modeled on the USDA's
 Water -Wastewater Program, the Secretary would have the ability to award grants of up to 50% of the
 total award package. The grant-loan ratio would be scaled with higher grant-loan ratios going to
 applicants proposing to serve communities that are small in size, remotely located, high poverty, and
 working with a combination of local stakeholders.
- Provides the Secretary the authority to exceed the standard limit of 50:50 grant: loan and make awards of up to 75 percent grant and 25 percent loan in certain situations.
- Maintains the current program eligibility rules requiring that not less than 25% of the households in the proposed service territory already have 1 incumbent service provider and that no portion of the proposed service area has more than 3 incumbent service providers.
- Modeled on language used in ARRA, this bill increases applicant transparency and responsiveness.
- Provides \$20 million per year in mandatory funding.